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ORIGIN PM-04

INFO OCT-01 EA-07 ISO-00 OES-06 ACDA-07 SP-02 CIAE-00
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ERDA-05 FEA-01 EUR-12 H-01 OIC-02 OMB-01 PA-01 PRS-01
SAJ-01 SS-15 USIA-06 TRSE-00 /113 R

DRAFTED BY PM/NPO:GGOPLINGER

APPROVED BY PM:GVEST

OES - MR. BENGELSDORF

ACDA - MR. VAN DOREN

S/P - MR. KAHAN

EA/J - MR. BROWN

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R 090008Z DEC 76

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 299051

E.O. 11652: GDS

TAGS: TECH, ENERG, PARM, JA

SUBJECT: US NUCLEAR EXPORT POLICY: VISIT OF MR. OTSUKA

1. DURING DECEMBER 1-2 VISIT TO WASHINGTON, OTSUKA CALLED SUCCESSIVELY UPON PM DIRECTOR VEST, OES/NET/RD DIRECTOR BENGELSDORF, ADM DAVIES OF ACDA AND HELFRICH OF ERDA. OTSUKA SAID HE HAD RECEIVED INSTRUCTIONS WHILE ATTENDING UNGA TO PROCEED TO WASHINGTON TO CONVEY TO US OFFICIALS NUMBER OF URGENT GOJ CONCERNS WITH RESPECT TO US NON-PROLIFERATION AND NUCLEAR EXPORT POLICY. OTSUKA SAID THAT NONE OF THE SUBSTANCE OF THESE CONCERNS WOULD BE NEW TO US SINCE HE HAD DISCUSSED THEM WITH US IN SOME DETAIL DURING RECENT NSG MEETING IN LONDON (FROM WHENCE OTSUKA HAD TRAVELLED TO NEW YORK); HE THEREFORE REGARDED HIS INSTRUCTIONS TO VISIT WASHINGTON AND TAKE THEM UP WITH US AGAIN AS UNDERLINING THE GROWING ANXIETY OVER THESE MATTERS IN TOKYO.

2. OTSUKA SAID THAT MOST IMMEDIATE CONCERN WAS QUESTION
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OF APPROVAL FOR US REPROCESSING OF TSURUGA SPENT FUEL,

SINCE SHIPPING ARRANGEMENTS WILL HAVE TO BE CONCLUDED BY EARLY JANUARY. FAILURE TO RESOLVE MATTER PROMPTLY SO THAT MATERIAL MAY BE SHIPPED ON SCHEDULE WOULD REQUIRE SHUTDOWN OF TSURUGA REACTOR AND COULD HAVE SERIOUS LONGER-TERM IMPLICATIONS.

3. OTSUKA ALSO RAISED RELATED QUESTION OF SAFEGUARD-ABILITY DETERMINATION REQUIRED TO PERMIT HOT TESTING OF TOKAI REPROCESSING FACILITY, WHICH IS SCHEDULED TO BEGIN IN MAY 1977 USING US-ORIGIN MATERIAL. ERDA HAS JUST RECEIVED A FORMAL LETTER FROM JAPANESE EMBASSY HERE REQUESTING THAT WE NOW MOVE TO SUCH A SAFEGUARDABILITY DETERMINATION. OTSUKA EMPHASIZED THAT THE MANNER IN WHICH THIS REQUEST WOULD BE HANDLED WOULD BE OF VERY CONSIDERABLE IMPORTANCE TO THE GOJ.

4. IN LONGER TERM, IMPLICATION OF NEW U.S. POLICIES AS APPLIED TO JAPAN IS OF DEEP AND GROWING CONCERN. OTSUKA NOTED THAT IPPONMATSU AND IMAI HAD RETURNED TO TOKYO AFTER THE RECENT JOINT MEETING OF THE AMERICAN NUCLEAR SOCIETY AND THE ATOMIC INDUSTRIAL FORUM DEPICTING THE ATTITUDES OF THE U.S. NUCLEAR INDUSTRY TO CURRENT POLICY DIRECTIONS AS QUITE NEGATIVE AND EVIDENTLY FOREWARNING JAPANESE UTILITY INDIVIDUALS OF POSSIBLE ADVERSE EFFECTS FOR JAPAN. GOJ HAD HOPED TO GAIN GREATER APPRECIATION AND INSIGHT AS TO U.S. INTENTIONS AND TO EXCHANGE VIEWS ON POSSIBLE OPTIONS IN COURSE OF U.S./GOJ EXPERT TALKS IN TOKYO WHICH HAD UNFORTUNATELY BEEN CANCELLED RECENTLY; GOJ FELT IT WAS EXTREMELY IMPORTANT THAT SUCH TALKS SHOULD TAKE PLACE, IF POSSIBLE BEFORE THE END OF DECEMBER. OTSUKA SAID GOJ WAS PARTICULARLY CONCERNED THAT THE US NOT APPLY CONSTRAINTS INHERENT IN ITS NEW POLICY ON A BLANKET BASIS, WITHOUT DRAWING APPROPRIATE DISTINCTIONS BETWEEN RECIPIENTS ON SUCH BASES AS NPT ADHERENCE, ACCEPTANCE OF FULL CYCLE SAFEGUARDS, ECONOMIC JUSTIFICATION, AND POLITICAL STABILITY. HE NOTED IN PARTICULAR THE NEED TO EXPLORE WITH US HOW COUNTRIES MIGHT BE EXPECTED TO "RESHAPE AND RESCHEDULE" THEIR REPROCESSING PROGRAMS UNDER THE NEW US POLICY.

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5. FINALLY, OTSUKA EMPHASIZED THAT JAPAN HAS POLITICAL PROBLEM TOO. NPT SAFEGUARD AGREEMENT WILL NEED TO BE SUBMITTED TO NEXT DIET AND THERE IS A TENDENCY FOR JAPANESE PUBLIC TO BELIEVE THAT NOW JAPAN HAS RATIFIED NPT, THERE SHOULD BE NO MORE PROBLEMS. IF IMPLEMENTATION OF NEW US POLICIES AMOUNTED TO A "NUCLEAR SHOCK," IT WOULD COME AT PARTICULARLY DIFFICULT AND DANGEROUS TIME. HE STRESSED IN SEVERAL LONG AND PROTRACTED SESSIONS THAT THE ISSUES

INVOLVED COULD BE POTENTIALLY GRAVE AND OF UTMOST IMPORTANCE TO U.S.-JAPANESE RELATIONSHIPS. SPECIFICALLY, IF JAPAN, HAVING JUST RATIFIED THE NPT, WAS NOW PRECLUDED BY THE U.S. FROM OPERATING THE TOKAI OR PROCEEDING WITH ITS LONGER TERM ENRICHMENT AND REPROCESSING PLANS, THE POLITICAL EFFECTS COULD EVEN TRANSCEND PREVIOUS STRONG

REACTIONS TO THE SOY BEAN EPISODE, ETC. HOWEVER, OTSUKA ALSO SUGGESTED THAT THE GOJ WAS FULLY PREPARED TO EXPLORE WITH U.S. REPS THE VARIOUS OPTIONS AND MODALITIES THAT MIGHT BE EMPLOYED, FROM A NON-PROLIFERATION STANDPOINT TO RECONCILE U.S. AND JAPANESE INTERESTS. ON SEVERAL OCCASIONS, WE REITERATED HIS BELIEF/THAT INFORMAL USG-GOJ DISCUSSIONS COULD BE USEFUL TO THE U.S. IN DEVELOPING ITS THINKING AND FOR THIS REASON, HE REGRETTED THAT WE HAD BEEN UNABLE TO SEND A U.S. TEAM TO TOKYO IN DECEMBER.

6. OTSUKA, REFERRING TO INSTRUCTIONS, REITERATED GOJ'S GRAVE CONCERNS WITH RESPECT TO POSSIBLE ADVERSE IMPLICATIONS FOR JAPAN OF AMERICAN NUCLEAR POLICY, AND SAID THAT GOJ WILL "SOON" BE MAKING DEMARCHE AT A "HIGH LEVEL" SETTING FORTH THE JAPANESE POSITION.

7. REFERRING AGAIN TO POSTPONEMENT OF U.S.-GOJ TALKS IN TOKYO, OTSUKA SUGGESTED THAT JAPAN WILLING AT EARLY DATE TO DISCUSS VARIOUS "MODALITIES AND ALTERNATIVES" IF THIS WOULD HELP U.S. ELUCIDATE PROBLEM DURING TRANSITION. HE RECOGNIZED DIFFICULTIES WE FACED IN TERMS OF MAKING SPECIFIC PROPOSALS AT THIS TIME.

8. IN RESPONSE, DEPARTMENT AND ACDA OFFICIALS ASSURED OTSUKA THAT WE CURRENTLY HAVE TSURUGA FUEL ISSUE UNDER URGENT CONSIDERATION AND HOPE TO HAVE DECISION IN NEAR CONFIDENTIAL

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FUTURE, WHICH MAY HAVE TO BE OF AN INTERIM NATURE IN CHARACTER. WE STRESSED THAT NO RPT NO ONE IN THE USG WAS ABOUT TO PROPOSE A RESOLUTION THAT MIGHT COMPEL THE JAPANESE TO SHUT-DOWN THE TSURUGA STATION DUE TO AN INABILITY TO MOVE THE FUEL TO AN ALTERNATE SITE. WE ALSO URGED THE JAPANESE, THROUGH OTSUKA, NOT TO PREMATURELY IMPUTE ADVERSE EFFECTS TO US/GOJ RELATIONS AS STEMMING FROM THE ADMINISTRATION'S LATEST NUCLEAR POLICY. WITH REGARD TO THE QUESTION OF A SAFEGUARDABILITY DETERMINATION FOR TOKAI, WE STRESSED THAT THE GOJ REQUEST PRESENTED US WITH A COMPLEX POLICY ISSUE SINCE THIS WOULD BE THE FIRST SUCH DETERMINATION THAT THE USG WOULD BE CALLED UPON TO MAKE FOLLOWING THE PRESIDENTIAL MESSAGE. WE ALSO NOTED THAT WE WERE SOMEWHAT RELUCTANT AT THIS TIME TO TAKE ACTIONS OF A POSSIBLE PRECEDENTIAL NATURE THAT COULD

SERIOUSLY TIE THE HANDS OF THE NEXT ADMINISTRATION. HENCE, WHILE WE WERE TREATING THE ISSUE ON AN URGENT BASIS, WE ANTICIPATED THAT WE WOULD REQUIRE A LITTLE MORE TIME TO FORMULATE AND PRESENT OUR VIEWS ALTHOUGH WE REALIZED THAT THE GOJ HOPED TO START HOT TESTING IN MAY. LONGER-TERM QUESTION OF HOW US WILL IMPLEMENT NEW POLICIES IS, OF COURSE, ONE WHICH WILL NEED TO BE ADDRESSED BY NEW US

ADMINISTRATION, AND WE DOUBTED THAT VISIT TO TOKYO FOR BILATERALS ON THESE ISSUES WOULD BE USEFUL OR POSSIBLE IN DECEMBER. OTSUKA RECEIVED REPEATED ASSURANCES THAT USG IS VERY MUCH ALIVE TO GOJ CONCERNS AND APPRECIATES THE NEED TO TAKE INTO ACCOUNT VARYING CIRCUMSTANCES IN INDIVIDUAL CONSUMER STATES IN IMPLEMENTING NUCLEAR EXPORT POLICY. DEPARTMENT OFFICIALS ASSURED OTSUKA THAT WE WILL ATTEMPT TO RESOLVE IMMEDIATE PROBLEMS AS EXPEDITIOUSLY AS POSSIBLE, AND RECOGNIZE THE NEED FOR THOROUGH AND CANDID CONSULTATIONS ON LONGER-TERM MATTERS IN THE MONTHS AHEAD.

ROBINSON

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